

LOUISIANA PILOTAGE FEE COMMISSION
REPORT ON REVIEW OF BASIC FINANCIAL STATEMENTS
REPORT ON APPLYING AGREED-UPON PROCEDURES
INCLUDING THE LOUISIANA ATTESTATION QUESTIONNAIRE
JUNE 30, 2012
BATON ROUGE, LOUISIANA

LOUISIANA PILOTAGE FEE COMMISSION

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November 19, 2012

Independent Accountant's Review Report

To the Board of Commissioners
Louisiana Pilotage Fee Commission
Baton Rouge, Louisiana

We have reviewed the accompanying financial statements of the governmental activities and the major fund (General Fund) of the Louisiana Pilotage Fee Commission as of and for the year ended June 30, 2012, which collectively comprise the Commission's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the management of the Commission. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

The management of the Commission is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Our review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements for them to be in conformity with accounting principles generally accepted in the United States of America. The management's discussion and analysis on pages 3 through 5, and budgetary comparison schedule-general fund on Schedule 1, and the schedule of per diem paid to commission members on Schedule 2 are presented for purposes of additional analysis. Such information, although not a required part of the basic financial statements is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. The supplementary information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but it has been compiled from information that is the representation of management. We have not audited or reviewed the supplementary information and accordingly, we do not express an opinion or provide any assurance on such supplementary information.

Respectfully submitted,

Hannis T. Bourgeois, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

LOUISIANA PILOTAGE FEE COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2012

Louisiana Pilotage Fee Commission (the "Commission") is pleased to present its Annual Financial Report developed in compliance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments* (hereinafter referred to as GASB 34), and related standards. Please read the following in conjunction with the Commission's financial statements and footnotes, which follow this section.

Financial Highlights

- Total assets for the year were \$689,363 as of June 30, 2012. The Commission had liabilities totaling \$31,131 resulting in net assets of \$658,232.
- The majority of total assets (96.09%) was composed of Cash and Cash Equivalents.

Overview of Annual Financial Report

Management's Discussion and Analysis (MD&A) serves as an introduction to the basic financial statements and supplementary information. The MD&A presents an overview of management's examination and analysis of the Commission's financial condition and performance.

The financial statements report information on the Commission using full accrual accounting methods similar to those used in the private business sector. Financial statements include the Statement of Net Assets and the Statement of Activities. The Statement of Net Assets provides information about the nature and amount of the Commission's resources and obligations at year-end, and provides a basis for evaluating the capital structure of the Commission and assessing the liquidity and financial flexibility of the Commission.

The Statement of Activities accounts for the revenues and expenses for the fiscal year, and provides information on how net assets changed during the year. This statement measures the success of the Commission's operations in a format that can be used to determine if the Commission has recovered its costs through self generated revenues and other income.

The notes to the financial statements provide required disclosures essential to an understanding of the financial statements. The notes present information about the Commission's accounting policies, significant account balances, and activities, commitments, contingencies, and subsequent events, if any. Supplementary information includes comparative budget schedules, key information schedules on operations of the Commission, and schedules detailing any findings and management's response.

Financial Analysis

The purpose of financial analysis is to help determine whether the Commission is better off due to the current year's activities. In this analysis, data from the basic financial statements, the Statement of Net Assets and the Statement of Activities, are presented below. These statements report the net assets, the difference between assets and liabilities, and the change in net assets, which provides information for indicating the financial condition of the Commission. The information for the prior year is included for comparative purposes.

Statement of Net Assets

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 662,437	\$ 634,231
Accounts Receivable	24,216	28,509
Capital Assets (Net of Accumulated Depreciation)	<u>2,710</u>	<u>3,955</u>
Total Assets	<u><u>\$ 689,363</u></u>	<u><u>\$ 666,695</u></u>
<u>LIABILITIES</u>		
Accounts Payable	\$ -	\$ 3,638
Long-Term Liabilities:		
Due Within One Year	7,783	7,783
Due in More than One Year	<u>23,348</u>	<u>23,348</u>
Total Liabilities	31,131	34,769
<u>NET ASSETS</u>		
Invested in Capital Assets	2,710	3,955
Unrestricted	<u>655,522</u>	<u>627,971</u>
Total Net Assets	<u><u>658,232</u></u>	<u><u>631,926</u></u>
Total Liabilities and Net Assets	<u><u>\$ 689,363</u></u>	<u><u>\$ 666,695</u></u>

- This Commission's assets exceeded its liabilities by \$658,232 for the current year.
- For the year ended June 30, 2012, unrestricted net assets of \$655,522 represents the portion available to maintain the Commission's obligation to both citizens and creditors.

Statement of Activities

	June 30, 2012	June 30, 2011
General Revenues:		
Self-Generated	\$ 311,865	\$ 321,764
Interest and Other Income	2,034	2,801
	<hr/>	<hr/>
Total General Revenues	313,899	324,565
Expenses:		
General Government	287,593	320,714
	<hr/>	<hr/>
Change in Net Assets	26,306	3,851
Net Assets - Beginning of the Year	631,926	628,075
	<hr/>	<hr/>
Net Assets - End of the Year	\$ 658,232	\$ 631,926
	<hr/>	<hr/>

Total general revenues decreased \$10,666 (3.29%) reflecting a decrease in surcharge fees on vessels. This was offset by the decrease in total expenses of \$33,121 (10.33%), reflecting a decrease from FY 2011 in costs for special hearing expenses and professional service expenses related to the function of special committees. Overall, the Commission's change in net assets was \$26,306 for the year, which represents an increase of \$22,455 (583.1%) from the prior year.

General Fund Budgetary Highlights

The actual revenues were \$13,201 less than the budgeted amount for the year and expenses were \$40,752 less than the budgeted amount for the year due to the fact that fewer special hearings were required in FY 2012 than in 2011, and related costs for professional services were accordingly less.

Economic Factors and Next year's Budget

The primary source of revenue for the Commission during the year ended June 30, 2012 was proceeds from a dedicated surcharge paid by customers of pilotage services in Louisiana; namely, foreign flag vessels entering state waters via the Mississippi and Calcasieu rivers. This surcharge is established though state law (LA. R.S. 34:1122(B)(3)). The amount of this surcharge is adjusted annually by the Commission at the annual Budget Hearing, according to projections based on the total amount of surcharge revenue collected during the prior calendar year.

These revenues are considered available if they are collected within 60 days after year-end.

Contacting the Commission

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Commission's finances and to show the Commission's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to the Commission at Two United Plaza, Suite 14, Baton Rouge, Louisiana 70809.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

LOUISIANA PILOTAGE FEE COMMISSION

STATEMENT OF NET ASSETS

AS OF JUNE 30, 2012

ASSETS

Cash and Cash Equivalents	\$ 662,437
Accounts Receivable	24,216
Capital Assets (Net of Accumulated Depreciation)	<u>2,710</u>
Total Assets	<u>\$ 689,363</u>

LIABILITIES

Long-Term Liabilities:	
Due Within One Year	\$ 7,783
Due in More than One Year	<u>23,348</u>
Total Liabilities	31,131

NET ASSETS

Invested in Capital Assets	2,710
Unrestricted	<u>655,522</u>
Total Net Assets	<u>658,232</u>
Total Liabilities and Net Assets	<u>\$ 689,363</u>

See independent accountant's review report and the accompanying notes.

LOUISIANA PILOTAGE FEE COMMISSION

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2012

		<u>Program Revenues</u>		Total Governmental Activities Net (Expense) Revenue and Changes in Net Assets
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
FUNCTIONS/PROGRAMS				
Governmental Activities:				
General Government	<u>\$ 287,593</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (287,593)</u>
Total Governmental Activities	<u><u>\$ 287,593</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u>(287,593)</u>
General Revenues:				
Self-Generated				311,865
Interest and Other Income				<u>2,034</u>
Total General Revenues				<u>313,899</u>
Change in Net Assets				26,306
Net Assets - Beginning of Year				<u>631,926</u>
Net Assets - End of Year				<u><u>\$ 658,232</u></u>

See independent accountant's review report and the accompanying notes.

FUND FINANCIAL STATEMENTS

LOUISIANA PILOTAGE FEE COMMISSION

BALANCE SHEET -
GOVERNMENTAL FUND

AS OF JUNE 30, 2012

ASSETS

Cash and Cash Equivalents	\$ 662,437
Accounts Receivable	<u>24,216</u>
Total Assets	<u><u>\$ 686,653</u></u>

LIABILITIES AND FUND BALANCE**Liabilities:**

Accounts Payable	<u>\$ -</u>
Total Liabilities	-

Fund Balance:

Unassigned	<u>686,653</u>
Total Fund Balance	<u>686,653</u>
Total Liabilities and Fund Balance	<u><u>\$ 686,653</u></u>

See independent accountant's review report and the accompanying notes.

LOUISIANA PILOTAGE FEE COMMISSION

RECONCILIATION OF THE GOVERNMENTAL FUND
BALANCE SHEET TO THE STATEMENT OF NET ASSETS

AS OF JUNE 30, 2012

Total Fund Balance - Governmental Fund	\$ 686,653
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Amounts reported for governmental activities in the Statement
of Net Assets are different because:

Capital assets used in governmental activities are not financial
resources and therefore are not reported in the funds. These
assets consist of:

Cost of Capital Assets	6,565
Less: Accumulated Depreciation	(3,855)
	2,710

Long-Term Liabilities are not due and payable in the current
period and therefore are not reported in the Governmental Funds:

Compensated Absences	(31,131)
Net Assets - Governmental Activities	\$ 658,232

See independent accountant's review report and the accompanying notes.

LOUISIANA PILOTAGE FEE COMMISSION

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND

FOR THE YEAR ENDED JUNE 30, 2012

Revenues:

Local Sources:

Self-Generated	\$ 311,865
Interest Earnings and Other Income	2,034
	<hr/>
Total Revenues	313,899

Expenditures:

General Government:

Salaries and Allowances	180,805
Payroll Taxes	14,950
Employee Benefits	3,600
Computer Expense	60
Hearing Expense	4,263
Insurance	655
Legal and Accounting	49,876
Meals and Entertainment	238
Medical	9,727
Miscellaneous	418
Office Supplies	766
Payroll Services	2,537
Per Diem	1,950
Postage	94
Printing	802
Rent Expense	12,432
Telephone	2,723
Travel	452
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Total Expenditures	286,348
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Excess of Revenues Over Expenditures	27,551
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Fund Balance at Beginning of Year	<hr/> 659,102
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Fund Balance at End of Year	<hr/> <hr/> \$ 686,653
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See independent accountant's review report and the accompanying notes.

LOUISIANA PILOTAGE FEE COMMISSION

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE OF THE
GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2012

Total Net Change in Fund Balance - Governmental Fund	\$ 27,551
Amounts Reported for Governmental Activities in the Statement of Activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	
Depreciation Expense	<u>(1,245)</u>
Change in Net Assets of Governmental Activities	<u>\$ 26,306</u>

See independent accountant's review report and the accompanying notes.

LOUISIANA PILOTAGE FEE COMMISSION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

INTRODUCTION

The Louisiana Pilotage Fee Commission (the "Commission") was created by Act. No. 902 of the Louisiana 2004 Regular Session of the Legislature, effective January 1, 2005, to establish pilotage fees. The Commission consists of eleven members and seven alternates appointed by the governor as follows:

- i. Four members and four alternates to represent the industry.
- ii. Four members and three alternates to represent the associations all designated by the board of directors of the four pilot associations.
- iii. Three at-large members.

Appointees shall be residents of the state of Louisiana and shall serve terms concurrent with that of the governor appointing them. All appointments are subject to confirmation by the Senate.

(1) Summary of Significant Accounting Policies -

A. Basis of Presentation

The accompanying financial statements of the Louisiana Pilotage Fee Commission have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*.

B. Reporting Entity

The Commission, for financial purposes, includes all of the funds relevant to the operations of the Commission. The financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from the Louisiana Pilotage Fee Commission.

The Louisiana Pilotage Fee Commission is a primary government and not a component unit or agency of the state government for financial reporting purposes.

C. Fund Accounting

- i. Government-wide Financial Statements (GWFS) - the Statement of Net Assets and Statement of Activities report information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

LOUISIANA PILOTAGE FEE COMMISSION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2012

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Commission's governmental activities. Direct expenses are those that are specifically associated with a program or function. Program revenues include (a) fees and charges paid by the recipient for goods and services offered by the program, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

- ii. Fund financial statements - The accounts of the Commission are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purposes and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The Commission maintains one fund, the general fund. It is categorized as a governmental fund. The emphasis on fund statements is on major governmental funds. The general fund is considered major because it's the primary operating fund of the entity. It is used to account for all financial resources except those required to be accounted for in another fund.

D. Measurement Focus/Basis of Accounting

Government-Wide Financial Statements (GWFS)

The Statement of Net Assets and the Statement of Activities display information about the reporting government as a whole. These statements include all the financial activities of the Commission. The GWFS were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

The Commission reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the Statement of Activities. Depreciation expense which can be specifically identified by function is included in the direct expenses of each function.

LOUISIANA PILOTAGE FEE COMMISSION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2012

The Commission does not allocate indirect expenses.

Fund Financial Statements (FFS)

Governmental Funds

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental Funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of Governmental Funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Fund financial statements report detailed information about the Commission. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. The major fund of the Commission is the General Fund.

The modified accrual basis of accounting is used by Governmental Funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined, and available means collectible within the current period or soon enough thereafter (generally 60 days) to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. The Governmental Fund uses the following practices in recording revenues and expenditures:

Revenues

The primary source of revenue for the Commission during the year ended June 30, 2012, was pilotage surcharge fees. These revenues are considered available if they are collected within 60 days after year-end.

Expenditures

Salaries are recorded as expenditures when earned. Compensated absences are recognized as expenditures when leave is actually taken or when employees (or heirs) are paid for accrued leave upon retirement or death. All other expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

LOUISIANA PILOTAGE FEE COMMISSION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2012

E. Budget Practices

The Commission adopts an annual budget for the General Fund.

The budget for the fiscal year ended June 30, 2012, was legally adopted by the Commission on May 12, 2011. For the fiscal year ended June 30, 2012 this amended budget was adopted.

F. Cash and Cash Equivalents

All cash-related items having maturing dates of three months or less from the original maturity dates are classified as cash and cash equivalents.

G. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of that asset or materially extend the life of that asset are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. Useful lives are five years for computer equipment and seven years for furniture and fixtures.

H. Net Assets

In the government-wide statements, equity is classified as net assets and displayed in three components:

1. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net assets - Consists of net assets with constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (b) law through constitutional provisions or enabling legislation.

LOUISIANA PILOTAGE FEE COMMISSION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2012

3. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

I. Fund Balance

GASB has issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, which defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below.

1. Non-spendable fund balances are associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned),
2. Restricted fund balances include amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation,
3. Committed fund balances include amounts that can be used only for the specific purposes determined by a formal action of the Commissioners (the Commission's highest level of decision making authority),
4. Assigned fund balances are intended to be used by the Commission for specific purposes but do not meet the criteria to be classified as restricted or committed, and
5. Unassigned fund balances are the residual classification for the Commission's general fund and include all spendable amounts not contained in the other classifications.

The Commission's policy is to apply expenditures against non-spendable fund balances, restricted fund balances, committed fund balances, assigned fund balances, and unassigned fund balances, in that order, at the end of the fiscal year by adjusting journal entries.

The calculation of fund balance amounts begins with the determination of non-spendable fund balances. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then any remaining fund balance amounts classified as unassigned fund balance.

As of June 30, 2012, the Commission did not have any non-spendable, restricted, committed, or assigned fund balances.

J. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported

LOUISIANA PILOTAGE FEE COMMISSION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2012

amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

K. Compensated Absences

Employees earn and accumulate sick leave at various rates depending on their years of service. The amount of sick leave may be accumulated by each employee is unlimited.

L. Subsequent Events

The Commission evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through November 19, 2012, the date which the financial statements were available to be issued.

(2) Cash and Cash Equivalents -

At June 30, 2012, cash included amounts in interest bearing and non-interest bearing demand deposit accounts. The bank balance of the Commission's Cash and Cash Equivalents was \$662,295 with a carrying amount of \$662,437, at June 30, 2012. Cash and Cash Equivalents are stated at cost which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledged securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

The following is a summary of cash (bank balances) at June 30, 2012, with the related federal deposit insurance and pledged securities:

Bank Balances:	
Insured (FDIC Insurance)	\$ 662,437
Uninsured and Collateralized:	
Collateral held by the pledging bank's trust department not in the Commission's name	-
Uninsured and Uncollateralized	-
Total Deposits	<u>\$ 662,437</u>

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Commission's deposits may not be returned to it. As of June 30, 2012, none of the Commission's bank balances of \$662,437 was exposed to custodial credit risk because it was covered by FDIC insurance.

LOUISIANA PILOTAGE FEE COMMISSION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2012

(3) Changes in Capital Assets -

Capital asset activity as of and for the year ended June 30, 2012 is as follows:

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012
<u>Governmental Activities:</u>				
Capital Assets being Depreciated:				
Computer Equipment	\$ 5,382	\$ -	\$ -	\$ 5,382
Furniture and Equipment	<u>1,183</u>	<u>-</u>	<u>-</u>	<u>1,183</u>
Total Capital Assets being Depreciated	6,565	-	-	6,565
Less: Accumulated Depreciation for:				
Computer Equipment	1,948	1,076	-	3,024
Furniture and Equipment	<u>662</u>	<u>169</u>	<u>-</u>	<u>831</u>
Total Accumulated Depreciation	<u>2,610</u>	<u>1,245</u>	<u>-</u>	<u>3,855</u>
Total Capital Assets being Depreciated, Net	<u>\$ 3,955</u>	<u>\$ (1,245)</u>	<u>\$ -</u>	<u>\$ 2,710</u>

Depreciation expense of \$1,245 for the year ended June 30, 2012 was charged to operations.

(4) Long-Term Obligation -

The following is a summary of the long-term obligation transactions for the year ended June 30, 2012:

	Compensated Absences
Long-Term Obligations - June 30, 2011	\$ 31,131
Additions	-
Deductions	<u>-</u>
Long-Term Obligations - June 30, 2012	<u>\$ 31,131</u>

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of June 30, 2012:

Current Portion	\$ 7,783
Long-Term Portion	<u>23,348</u>
Total	<u>\$ 31,131</u>

LOUISIANA PILOTAGE FEE COMMISSION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2012

Compensated Absences

At June 30, 2012, employees of the Commission have accumulated and vested \$31,131 of employee leave benefits, which was computed in accordance with GASB Codification Section C60.

Employees earn and accumulate sick leave at various rates depending on their years of service. The amount of sick leave that may be accumulated by each employee is unlimited.

(5) Lease Commitments -

The Commission leases office space under a lease classified as an operating lease which expired on April 30, 2012 and was automatically renewed for six months. Rental expense for this operating lease totaled \$12,432 for the year ended June 30, 2012. Future minimum rental payments required under the operating lease agreement for the year ended June 30, 2012 total \$4,144.

(6) Pending Litigation -

There were no civil suits seeking damages against the Commission outstanding at June 30, 2012.

(7) Related Party Transactions -

The Commission had no identified related party transactions for the year ended June 30, 2012.

REQUIRED SUPPLEMENTARY INFORMATION

LOUISIANA PILOTAGE FEE COMMISSION

BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2012

	Original and Final Budget	Actual	Variance With Final Budget
Revenues:			
Self-Generated	\$ 250,728	\$ 311,865	\$ 61,137
Interest Earnings and Other Income	2,100	2,034	(66)
Contribution from Reserve Fund	74,272	-	(74,272)
Total Revenues	327,100	313,899	(13,201)
Expenditures:			
Salaries, Allowances and Related Costs	187,200	209,082	(21,882)
Office Supplies	2,000	766	1,234
Meals and Entertainment	400	238	162
Telephone and Internet Expense	3,000	2,723	277
Rent	15,000	12,432	2,568
Printing	200	802	(602)
Postage	300	94	206
Miscellaneous	2,100	418	1,682
Insurance	2,500	655	1,845
Payroll Services	2,500	2,537	(37)
Capital Outlay	2,000	-	2,000
Website Design, Hosting, and Maintenance	6,000	60	5,940
Professional Services	90,500	54,139	36,361
Meeting Expense	13,400	2,402	10,998
Total Expenditures	327,100	286,348	40,752
Excess (Deficiency) of Revenues Over Expenditures	-	27,551	27,551
Fund Balance at Beginning of Year	659,102	659,102	-
Fund Balance at End of Year	\$ 659,102	\$ 686,653	\$ 27,551

See independent accountant's review report and accompanying notes.

SUPPLEMENTARY INFORMATION

LOUISIANA PILOTAGE FEE COMMISSION

SCHEDULE OF PER DIEM PAID TO COMMISSION MEMBERS

FOR THE YEAR ENDED JUNE 30, 2012

<u>Name</u>	<u>Amount</u>
Alfred Lippman	\$ 600
Ann Trappey	900
Joe Spearman	<u>450</u>
	<u>\$ 1,950</u>

INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES

2322 Tremont Drive • Baton Rouge, LA 70809
178 Del Orleans Avenue, Suite C • Denham Springs, LA 70726
3445 North Causeway Boulevard, Suite 536 • Metairie, LA 70001
Phone: 225.928.4770 • Fax: 225.926.0945
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November 19, 2012

To the Board of Commissioners of
Louisiana Pilotage Fee Commission
Baton Rouge, Louisiana

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of the Louisiana Pilotage Fee Commission and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Louisiana Pilotage Fee Commission's compliance with certain laws and regulations during the year ended June 30, 2012, included in the accompanying *Louisiana Attestation Questionnaire*. Louisiana Pilotage Fee Commission's management is responsible for the Commission's financial records and compliance with applicable laws and regulations records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for materials and supplies exceeding \$30,000, or public works exceeding \$150,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2296 (the public bid law).

There were no expenditures made during the year for materials and supplies exceeding \$30,000 and no expenditures were made for public works exceeding \$150,000.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided us with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided us with the required list.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

None of the employees included on the list of employees provided by management (step 3 above) were also included on the listing obtained from management (step 2 above).

Budgeting

The Commission received an Attorney General opinion indicating that they are not a political subdivision and therefore not subject to the Local Governmental Budget Act. They are a state administrative agency and must comply with the budgetary obligations of a state administrative agency. According to the Division of Administration ("DOA") since the Commission is self-funded there is no budget reporting requirements to the DOA.

5. Obtain a copy of the legally adopted budget and all amendments.

Management provided us with a copy of the original budget. The original budget was not amended.

6. Trace the budget adoption and amendments to the minutes book.

We traced the adoption of the original budget to the minutes of a meeting held on May 12, 2011 which indicated that the budget had been unanimously adopted by the Board members. The budget was not amended.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more or if actual expenditures exceed budgeted amounts by 5% or more.

Not applicable due to Commission not being subject to the Local Governmental Budget Act.

Accounting and Reporting

8. Randomly select six disbursements made during the period under examination and:

- a. Trace payments to supporting documentation as to proper amount and payee.

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

- b. Determine if payments were properly coded to the correct fund and general ledger account.

All six of the payments were properly coded to the correct fund and general ledger account.

- c. Determine whether payments received approval from proper authorities.

Inspection of documentation supporting each of the six selected disbursements indicated approval from the Administrator.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:11 through 42:28 (the open meetings law).

Management asserted that such documents were properly posted at the meeting site at least 24 hours in advance of a meeting.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

We scanned bank deposits and the detailed general ledger for the period under review and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees, which may constitute bonuses, advances, or gifts.

A reading of the minutes of the Commission for the year indicated no approval for the payments noted. We also inspected disbursement records for the year and noted no instances which would indicate payment to employees which would constitute bonuses, advances, or gifts.

Prior Comments and Recommendations

12. Review any prior suggestions, and / or comments to determine the extent to which such matters have been resolved.

See the Summary of Prior Year Findings for an update to the prior year findings as applicable.

We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the Louisiana Pilotage Fee Commission and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

Hannis T. Bourgeois, LLP

LOUISIANA PILOTAGE FEE COMMISSION

SUMMARY SCHEDULE OF PRIOR FINDINGS

FOR THE YEAR ENDED JUNE 30, 2012

None

LOUISIANA ATTESTATION QUESTIONNAIRE

**LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)**

(Date Transmitted)

HANNIS T. BOURGEOIS

(Auditors)

In connection with your review of our financial statements as of [date] and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the Louisiana Governmental Audit Guide, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of (date of completion/representations).

Public Bid Law

It is true that we have complied with the public bid law, R.S. Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration and the State Purchasing Office.

Yes [☒] No []

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of R.S. 42:1101-1124.

Yes [☒] No []

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of R.S. 42:1119.

Yes [☒] No []

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-15), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.

Yes [☒] No []

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by R.S. 44:1, 44:7, 44:31, and 44:36.

Yes [☒] No []

We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463 where applicable.

Yes [☒] No []

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes [☒] No []

Meetings

We have complied with the provisions of the Open Meetings Law, provided in R.S. 42:11 through 42:28.

Yes [☒] No []

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements,

without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R.S. 39:1410.60-1410.65.

Yes ☒ No ☐

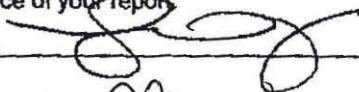
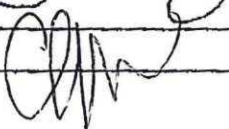
Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R.S. 14:138, and AG opinion 79-729.

Yes ☒ No ☐

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance that may occur subsequent to the issuance of your report.

	ADMINISTRATOR	
	Secretary	9/19/2012 Date
	Treasurer	11/8/2012 Date
	President	Date